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UNITED STATES GEOLOGICAL SURVEY  
CLARENCE KING DIRECTOR

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COMSTOCK

MINING AND MINERS

By ELIOT LORD



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to make over their property to the Bank of California in default of payment. The bank would undoubtedly have been willing to extend its accommodation to any reasonable point, as the mills while standing idle were simply a burden upon the corporation; but the mill-owners, in view of the uncertain prospect of obtaining ore enough for their needs, preferred to make an assignment of their mills rather than incur the accumulation of debt which threatened them. No property deteriorates more rapidly in value than mill property when in disuse. The expense of a watchman and the accumulating taxes and insurance dues must be paid. The heavy machinery, the pans, shoes, and dies require constant attention to keep them in good order; for if left without care they will rapidly rust and become unserviceable. The very framework of the mill, even, being frequently made of poorly seasoned or unfit stuff, will crack and warp if neglected, so that in a short time it must be extensively repaired or replaced. If, furthermore, the supply of ore should totally fail, the mill would become practically worthless no matter how complete and serviceable its machinery might be. Thus, in the White Pine mining district, a mill in perfect order which had cost \$200,000 was offered for sale at \$5,000<sup>1</sup> without finding a purchaser; and Mr. Sharon sold a mill near the Comstock Lode which had cost him \$60,000 for one-twentieth of that sum.<sup>2</sup>

The advances made by Sharon were amply covered by the estimated value of the mills while actively employed in filling profitable contracts; but when supplies of ore failed the bank was obliged to take possession of mill after mill in order to avoid the certain loss of a forced sale by auction. The first mill so acquired was the Swansea Mill, in Lyon County, in May, 1866,<sup>3</sup> and twelve months later seven mills were held by this corporation. The bank then considered it advisable to make some disposal of the property which had come into their hands; and upon Mr. Sharon's clear representation of the case it was determined by a number of the principal stockholders in the bank to organize a corporation, to be known as the Union Mill and Mining Company, who should purchase and manage the mill property held by the bank. This organization was effected in June, 1867, the charter members being D. O. Mills, William Sharon, Alvinza

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<sup>1</sup> Alpheus Bull, Trustee.

<sup>2</sup> William A. Sharon.

<sup>3</sup> I. L. Requa.

Hayward, Thomas Sunderland, W. C. Ralston, Charles Bonner, Thomas Bell, and William E. Barron.

The mills held by the new corporation were useless unless ore could be obtained in sufficient quantity to keep them at work, and it was considered that there was no reasonable certainty of this supply unless the ore-producing mines on the lode were controlled by the same capitalists who owned the mills. Thus the institution of what is popularly known as the fortified monopoly system on the Comstock Lode may be said to date from the formation of this corporation. It is not necessary to examine the general advantages and disadvantages of this system. The practical question of importance is evidently whether its establishment was prejudicial to the interests of the ordinary stockholder in the Comstock mines or to the development of the lode itself. Under some conceivable conditions the answer would be in the affirmative. Contracts for the reduction of ore might have been awarded to the lowest responsible bidder who would guarantee the best returns, and mills might have been built and conducted by trustworthy and competent agents of the mining companies, paid by fixed salaries or by percentages of profits. Either of these courses might have been adopted to advantage in some districts, but neither was chosen in the present instance, and to introduce either sweeping changes would have been necessary. The stockholders in the mines must have been persuaded to hold their stock as a permanent investment and not for speculative purposes merely, and officers, agents, and employes of the different companies must have been selected who would regard the interests of the corporate bodies, their employers, as paramount to their own. When stockholders are both greedy and careless they must expect that their agents will be equally selfish. The "piratical policy of gutting the mines," as Professor Raymond has concisely termed it, was advocated by the average stockholder even more strongly than by the directors whom he voted to place in office. Ore was taken out more rapidly than the mills of any company could reduce, and the exhaustion of the ore-body followed in consequence so soon that it was questionable whether the erection of mills by any company would prove a profitable investment.

The erection of a mill by a mining company is to be advocated

holders were able to control the ore reduction of the most productive mines on the lode, as they were the principal owners in these mines. Their seven mills were kept busy day and night; others were soon acquired by purchase, and within two years from the formation of the corporation it was the owner of seventeen mills, which crushed the great majority of all ores reduced in the district.<sup>1</sup> If the Sutro tunnel should afford means of reducing ores on the Carson River more cheaply than the mills of this corporation could afford to reduce them, it was not surprising that the Union Mill and Mining Company should be opposed to the scheme, for success to Sutro might be disastrous to them. If they contended against the construction of the tunnel, therefore, as the owners of seventeen mills, it was a natural, if selfish, course, and few existing corporations would have the right probably to cast the first stone at them.

The construction of a railroad, connecting the Comstock Mines with the chain of mills acquired by the Union Mill and Mining Company, was a naturally suggested measure, and it was also another stumbling-block in the way of the tunnel project. Mr. Sutro looked upon it as a special device of the enemy for his discomfiture, but there is no reason to believe that a desire to foil his plans was its occasioning cause. Undoubtedly the stockholders of the Union Mill and Mining Company, or, as Mr. Sutro preferred to style them, the Bank of California, were not disposed to consider Mr. Sutro's personal interests or feelings, for the war of recrimination then carried on was frankly bitter; but the organization of the Virginia and Truckee Railroad Company was planned by a cool and calculating brain which has rarely, if ever, allowed personal animosities to interfere with business interests. The lumbering ore-carts, dragged by plodding files of mules on steep, muddy, and at times impassable roads, were a constant eye-sore to one who liked to see all the details of silver production carried on with the easy and harmonious movement of a grand machine. The blockade of a road by snow in winter, or by the mangling floods in spring, galled him; the stoppage of a mill for want of ore was a positive loss to him and a keen annoyance in consequence, for it troubled alike his plans and his pocket. Accordingly, the Union Mill and Mining Company

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<sup>1</sup>I. L. Requa.

\$1,400,000, on the 7th of June, 1871, thus making the largest private transfer of mining stock on record.<sup>1</sup> It is probable, however, that this virtual defeat rankled sorely in his mind, and that he has never forgotten the concerted action of Alvinza Hayward and John P. Jones in wresting the control of the mine from his hands. To thus outwit the head of the combination either prior and more accurate information must have been obtained by Mr. Hayward, or he must have been the more daring speculator of the two. Mr. Sharon attributed his defeat to the first cause assigned. It matters little whether he was right or wrong in his surmise, and the public had no reason to concern itself greatly about his disappointment. It was apparently a case of diamond cut diamond and was regarded as a personal matter strictly. As a stockholder in the Union Mill and Mining Company he suffered a further loss in their failure to secure contracts for the reduction of ore from the new bonanza. Some of this ore was crushed in the mill of the Crown Point Company, but the larger portion was reduced in the mills of a new corporation, the Nevada Mill and Mining Company, which was organized and controlled chiefly by Mr. Hayward and Mr. Jones. Yet, though disappointed in his plans for personal enrichment, Mr. Sharon had reason to congratulate himself, as agent of the Bank of California, upon the results of the new discovery. It is a curious fact in the history of mining that the opening up of a bonanza in any part of a district generally causes a rise in the market value of all mines in that district. If the mines were on sections of the same vein this advance might be less singular, but often mines on distinct and distant veins are likewise benefited. In the case of a lode like the Comstock there was no reason why the development of an ore-body in the section owned by the Crown Point Company should cause the section of the Ophir Company to become more valuable, except that the bonanza in the Crown Point was a convincing proof of the possible occurrence of rich ore-bodies at a deep level, which had been openly doubted. There was no likelihood that the Crown Point ore-body would extend more than a few hundred feet north of the boundary line of the mine, yet it was such an encouraging indication of the probable richness

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<sup>1</sup> William Sharon.